



SECNAV Instruction 5223.2 “Department of the Navy Cost Analysis”

Presented to Service Forum at DODCAS 2009
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Background

- SECNAV directed ASN(FM&C) and ASN(RDA) – Jan 2008
 - Too much “in the news” regarding program’s cost growth
 - Review the Department's cost estimating organizations
 - Improve the DON's cost and budget credibility
 - Emphasized the Department's major ACAT ID programs
- Cost community completed detailed gap analysis study – Jan-Apr 2008
 - Inconsistencies across SYSCOM resources, core functional cost support
 - Lack of central authority/advisory to SECNAV, CNO across all programs
 - Contractor/outourcing of some key government functions, perception issue
 - Inconsistent cost reporting and visibility/insight across programs/ACATs
 - Disconnect between budget and official cost estimates
 - Inconsistent application of non-advocate/independent cost reviews
 - OPNAV N813F independent assessment functions lost
 - Cost data collection not applied or endorsed consistently across programs



Background

- SECNAV directed ASN(FM&C) and ASN(RDA) to “expedite” changes
 - SECNAV MEMO signed 2 May 2008
 - SECNAV INST signed 16 December 2008
- SYSCOMs and NCCA responding to new resources required
 - ASN(FM&C) supported immediate transition ramp-up & funds for NCCA
 - Varying responses by SYSCOMs, but all seeing increased demand

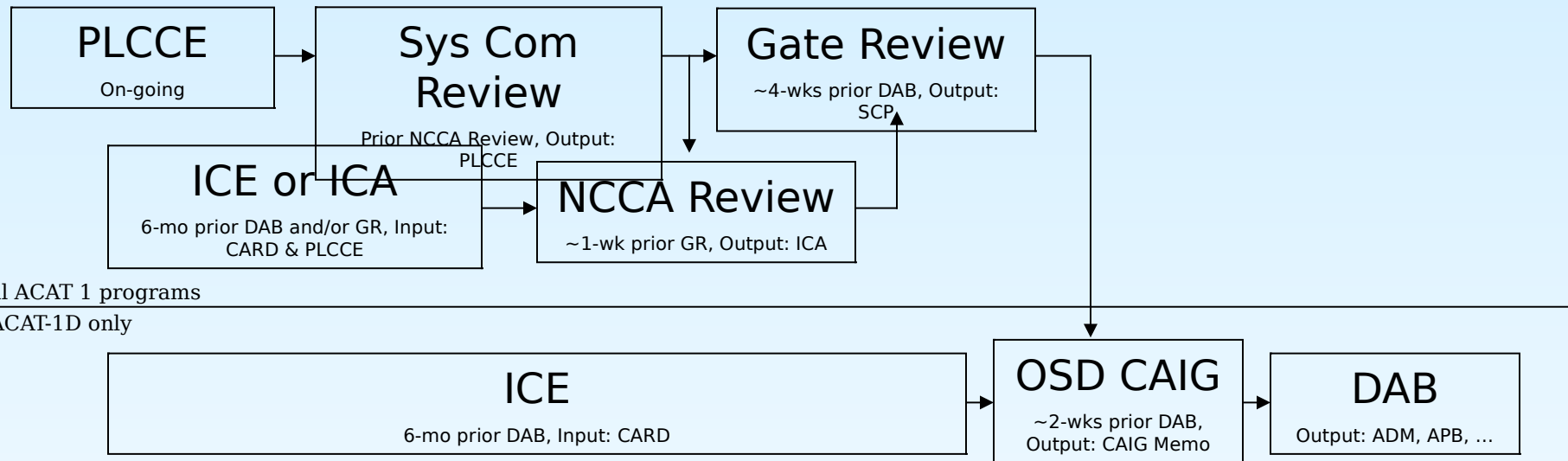


So...what's changed?

- Senior leadership directed to use SYSCOM/NCCA cost information
 - Milestone decisions, programming, budgeting
 - SYSCOM Commanders and FM&C to resource performance required by this SECNAVINST
- SYSCOMs directed to provide more cost functions and support
 - NAVAIR 4.2 informally identified as “role model”, standard for SECNAVINST
 - EVM support, O&S cost estimating, support beyond just ACAT ID programs
 - Working capital-funded model used as a preferred option at SYSCOMs
 - Not just cost, but TECHNICAL/engineering review of CARD, program docs
 - Approval and oversight of any PM “outsourcing” for cost estimating support



Service Cost Position ACAI 1



- SCP required for all programs
 - SYSCOMs and NCCA work together
 - Collaboration with PEO to present “fully funded” program
 - DCGS-N first program



So...what's changed?

- Program Managers, Resource/Programmers formally directed
 - Use cost estimates developed by cost organizations for planning/budgeting
 - Document decisions counter to cost org estimates
 - Required to get SYSCOM-level technical/programmatic review of CARD
 - Need SYSCOM approval before outsourcing for cost support
- NCCA as “Principal Advisor” on Cost and Economic issues for HQ staff
 - NCCA Director now designated “DASN (C&E)”
 - Increased role in Gate Reviews, joint programs, non-program analyses
 - Independent assessments of SYSCOMs for ACAT IDs, Nunn-McCurdys
 - Absorbs N813F’s “independent assessment” functions